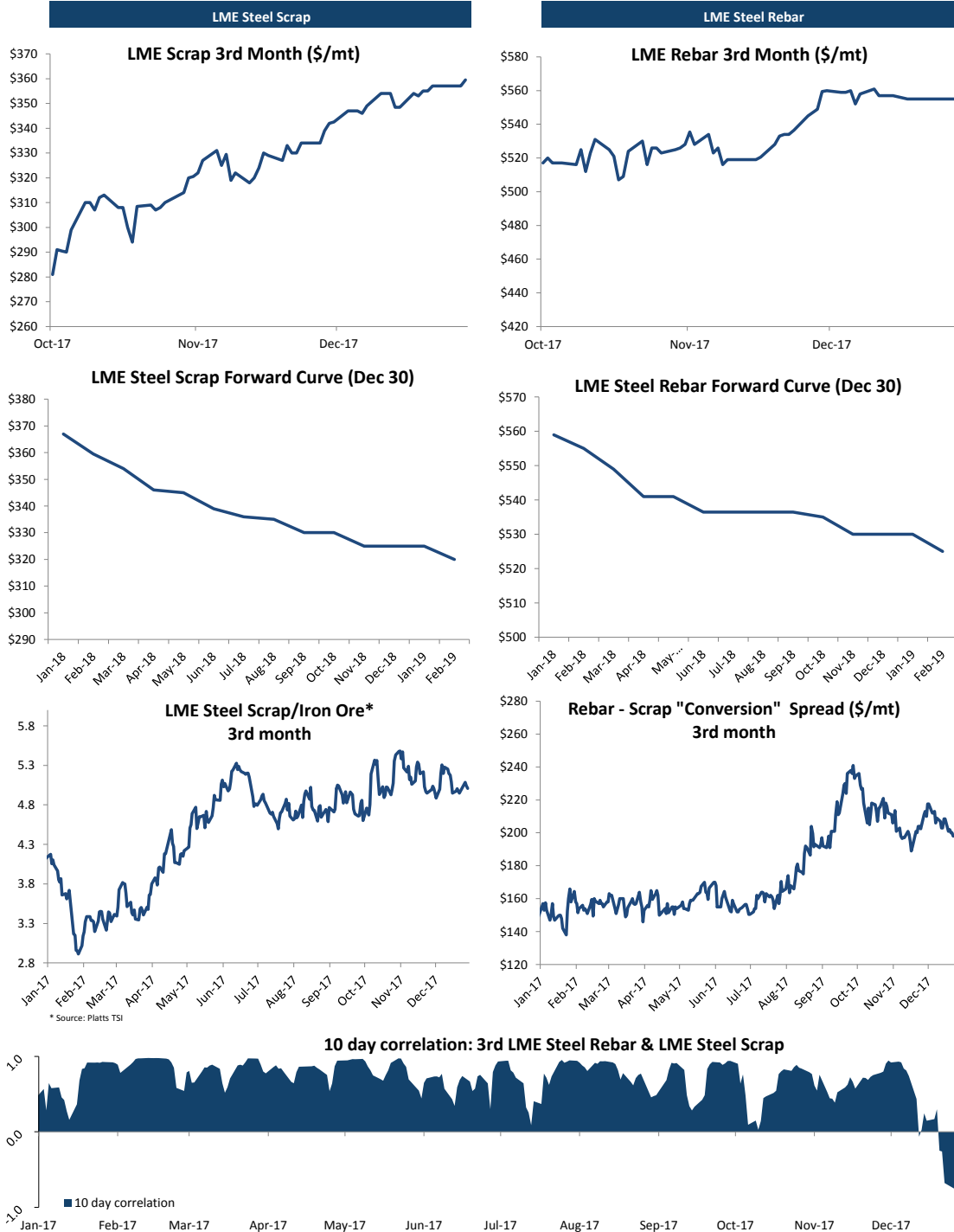


Comments:

On Friday 29 December 2017, the LME Steel Scrap and LME Steel Rebar October contracts settled at **\$355.24/mt** and **\$550.13/mt** respectively. This constitutes monthly increase of 4.0% for scrap and a decrease of -0.9% for rebar.

In December the LME Steel Scrap curve closed with an upward shift compared with the end of November, while the LME Steel Rebar forward curve recorded a month-on-month downward shift. Both curves remain in a backwardation.

The price of iron ore remained subdued compared to the price of scrap, with the ratio between the two remaining quite consistently towards the upper end of its 2017 range. The "apparent conversion" spread (i.e. LME Steel Rebar - LME Steel Scrap) showed a decline during December to close at \$195.50/mt, which is below the six-month running average of \$197.19/mt.



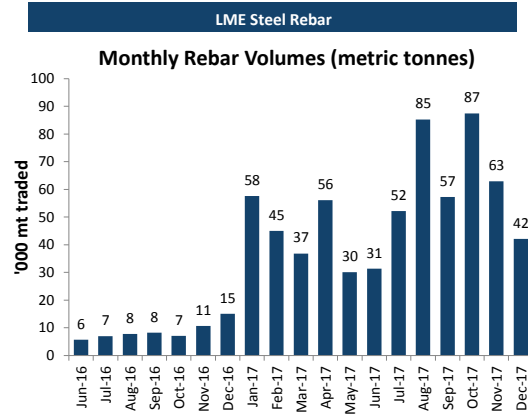
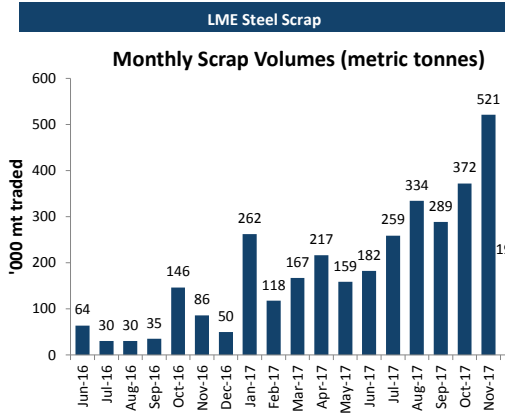
* Source: Platts TSI

Source: Bloomberg LP, Platts TSI, LME

Comments:

LME Steel Scrap traded the equivalent of 195,130 metric tonnes last month, while LME Steel Rebar traded 42,150 tonnes, showing a slowdown on previous months. This slowdown can be attributable to a number of reasons, including a quiet spot market, the festive season and a general slowdown across ferrous derivatives markets.

The LME Steel Scrap and LME Steel Rebar open interest both peaked for the month on 11 December at 60,380 tonnes and 18,740 tonne respectively. LME Steel Scrap open interest averaged 50,260 tonnes over the last five full trading days of November. LME Steel Rebar open interest averaged 9,950 tonnes in the last five full trading days of November. End of month drops in open interest tend to be observed as positions in the front month expire; scrap open interest dropped 16,500 tonnes at the end of November to 33,630 tonnes, while rebar dropped 4,350 tonnes to 5,250 tonnes.



LME Steel Scrap					
	Price	Month Change (%)	Monthly Volume (lots)	Open Interest EOM (lots)	Open Interest (lots)
Dec-17	\$355.24	4.0%	25,130	Expired	0
Jan-18	\$367.00	7.3%	122,070	1,573	1,573
Feb-18	\$359.50	5.1%	25,630	548	548
Mar-18	\$354.00	3.8%	5,490	199	199
Apr-18	\$346.00	1.8%	8,350	358	358
May-18	\$345.00	1.2%	4,100	214	214
Jun-18	\$339.00	-0.6%	3,250	218	218
Jul-18	\$336.00	1.8%	1,080	59	59
Aug-18	\$335.00	1.5%	0	22	22
Sep-18	\$330.00	1.5%	0	100	100
Oct-18	\$330.00	1.5%	0	25	25
Nov-18	\$325.00	0.6%	0	23	23
Dec-18	\$325.00	0.9%	0	22	22
Jan-19	\$325.00	1.6%	0	1	1
Feb-19	\$320.00		30	1	1
Aggregate:			195,130	3,363	

LME Steel Rebar					
	Price	Month Change (%)	Monthly Volume (lots)	Open Interest EOM (lots)	Open Interest (lots)
Dec-17	\$550.13	-0.9%	300	Expired	0
Jan-18	\$559.00	-0.1%	2,310	153	153
Feb-18	\$555.00	-0.9%	31,770	76	76
Mar-18	\$549.00	-2.0%	1,260	70	70
Apr-18	\$541.00	-3.4%	1,530	104	104
May-18	\$541.00	-2.5%	2,640	46	46
Jun-18	\$536.50	-3.3%	1,110	33	33
Jul-18	\$536.50	-1.0%	1,230	30	30
Aug-18	\$536.50	-0.6%	0	3	3
Sep-18	\$536.50	0.3%	0	2	2
Oct-18	\$535.00	1.9%	0	3	3
Nov-18	\$530.00	1.0%	0	2	2
Dec-18	\$530.00	1.0%	0	3	3
Jan-19	\$530.00	1.0%	0	0	0
Feb-19	\$525.00		0	0	0
Aggregate:			42,150	525	

Contract specifications

Contract names and codes	LME Steel Scrap	SC	
	LME Steel Rebar	SR	
Contract type	Futures		
Delivery type	Cash settled		
Lot size	10 metric tonnes		
Contract period	Monthly out to 15 months		
Price quotation	US dollars per metric tonne		
Clearable currencies	US dollars		
Minimum price fluctuation (tick size) per tonne	Venue	Outright	Carries
	LMEselect Inter-office	\$0.50 \$0.01	\$0.01 \$0.01
Termination of trading	LME Steel Scrap - Last business day of the contract month until 16.30 London time		
	LME Steel Rebar - Last business day of the contract month until 16.30 London time		
Daily settlement procedure	LME Market Operations will calculate daily settlement values based on its published procedure		
Final settlement procedure	LME Steel Scrap - Final settlement, following termination of the trading for a contract month, will be based on the Monthly Average Index Price of the "Platts TSI HMS 1&2 (80:20) Turkish Imports CFR Turkey" Index, which is available from 16.30 London time on the last trading day		
	LME Steel Rebar - Final settlement, following termination of the trading for a contract month, will be based on the Monthly Average Index Price of the "Platts Rebar, Turkish exports, FOB Turkey port" Index, which is available from 16.30 London time on the last trading day		
Trading venues	LMEselect and Inter-office telephone		
Trading hours	LMEselect	01.00-19.00 London time	
	Inter-office telephone	24 hours a day	
Margining	Realised variation margins applied		

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